

City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

www.cityofsacramento.org

File ID: 2018-01735

January 22, 2019

Consent Item 23

Title: (City Council / Housing Authority) Approval of Auditor Contract for the Sacramento Housing and Redevelopment Agency

Location: Citywide

Recommendation: Adopt: 1) a City Council resolution to authorize the Sacramento Housing and Redevelopment Agency (Agency) to: a) execute a contract with Clifton Larson Allen LLP to provide audit services for the Agency for one year in the amount of \$114,920 with the option to extend for four years for a total amount of \$596,730; b) amend the contract for additional audit services subject to the Executive Director's contracting authority; and c) execute any and all documents necessary to carry out the annual examination of the Agency financial statements;; and 2) a Housing Authority resolution to authorize the Executive Director or her designee to: a) execute the contract with Clifton Larson Allen LLP to provide audit services for the Housing Authority of the City of Sacramento for one year with the option to extend for four years ; b) amend the contract for additional audit services subject to the Executive Director's contracting authority ; and c) execute any and all documents necessary to carry out provisions of the annual examination of the Housing Authority financial statements.

Contact: Susana Jackson, Interim Finance Manager, (916) 440-1373, Sacramento Housing and Redevelopment Agency

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-City Council Resolution
- 3-Housing Authority Resolution
- 4-Audit Services Contract

Description/Analysis

Issue Detail: The United States Department of Housing and Urban Development (HUD) requires that the Sacramento Housing and Redevelopment Agency (Agency) and the Housing Authority of the City of Sacramento (Housing Authority) publish a complete set of financial statements presented in accordance with accounting principles generally accepted in the United States (GAAP) applied to governmental entities. The financial statements are to be audited by certified public accountants (CPAs) in accordance with GAAP standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require the auditors to plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation.

The Agency issued a Request for Proposals (RFP) for audit services for both the Agency and the Housing Authority on September 11, 2018 and received four eligible proposals. The proposals were evaluated by a committee consisting of the Agency's Director of Finance, Director of Administrative Services, and Finance Manager. Each firm was evaluated and rated on the experience of the firm with comparable work, the qualifications of the firm and its team members, their understanding of audit requirements, the fee proposal, and their technical approach to the audit. After evaluation of the proposals, the evaluation committee is recommending awarding the audit services contract Clifton Larson Allen LLP.

Approval of this item will allow the Agency to execute a contract with Clifton Larson Allen LLP to provide audit services for the Agency and the Housing Authority for up to five years for calendar years ending December 31, 2018 through 2022. The initial one year contract in the amount of \$114,920 may be extended for four additional years at the sole discretion of the Agency based on the firm's performance and Agency needs, for a total amount of \$596,730.

Policy Considerations: The City Council, upon entering into the joint exercise of power agreement creating the Agency, retained the authority to select an audit firm. The actions recommended are consistent with this policy direction.

Economic Impacts: Not applicable

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed actions are administrative and fiscal activities which are exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines at 14 California Code of Regulations (CCR) section 15378(b).

National Environmental Policy Act (NEPA): The proposed actions are administrative and fiscal activities and do not make any commitments to, or give approvals for, specific projects or activities and are exempt under the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations (CFR) sections 58.34(a)(2) and (3).

Sustainability Considerations: N/A

Commission/Committee Action: It is anticipated that, at its meeting of January 16, 2019, the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Council in the event this does not occur.

Rationale for Recommendation: Annual audits are a requirement for all housing authorities and it is financially and administratively beneficial to enter into a multi-year service contract.

Financial Considerations: The proposed cost for this service for the years ending December 31, 2018, 2019, 2020, 2021 and 2022 are \$114,920, \$117,040, \$119,260, \$121,590, and \$123,920, respectively, for a total amount of \$596,730. The cost of the contract for the first year is included in the Agency's annual budget. There is no budget action needed at this time.

Local Business Enterprise (LBE) - M/WBE and Section 3 requirements: The action proposed in this report has no M/WBE impact; however, Section 3 considerations do apply. LBE considerations do not apply to this report.

RESOLUTION NO. 2019-

Adopted by the Sacramento City Council

on date of

APPROVING AUDIT SERVICES CONTRACT WITH CLIFTON LARSON ALLEN LLP

BACKGROUND

- A. Audits are required by federal, state, and local governmental funding sources.
- B. After a formal, competitive evaluation process, the Sacramento Housing and Redevelopment Agency (Agency) recommends the award of the Audit Services contract to Clifton Larson Allen LLP for a one year term with four extension options.
- C. The California Environmental Quality Act (CEQA) does not apply to the proposed action pursuant to CEQA Guidelines at 14 California Code of Regulations (CCR) section 15378(b)(5), which excludes administrative activities of governments that will not result in direct or indirect changes in the environment. The proposed action is also exempt under the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations (CFR) section 58.34(a)(3).

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The above facts, including but not limited to the environmental findings, are determined to be true and correct.
- Section 2. The Agency is authorized to execute a contract with Clifton Larson Allen LLP to provide audit services for the Agency and the Housing Authority of the City of Sacramento for the calendar year ending December 31, 2018 in the amount of \$114,920, with the option to extend the contract to include calendar years 2019, 2020, 2021 and 2022, for a total amount of \$596,730. Section 3. The Agency is hereby authorized to amend the contract for additional audit services, such as management consulting and tax-related matters or for audit services as required by Governmental Accounting Standards Board Statements or pronouncements, new United States Department of Housing and Urban Development (HUD) regulations, new Agency funding sources or programs, and unanticipated problems that require additional work for the audit firm, subject to the Executive Director's contracting authority.

Section 3. The Agency is hereby authorized to execute any and all documents necessary to carry out provisions of the annual examination of the financial statements.

RESOLUTION NO. 2019-

Adopted by the Housing Authority of the City of Sacramento

on date of

APPROVING AUDIT SERVICES CONTRACT WITH CLIFTON LARSON ALLEN LLP

BACKGROUND

- A. Audits are required by federal, state, and local governmental funding sources;
- B. After a formal competitive evaluation process, the Sacramento Housing and Redevelopment Agency (Agency) recommends award of the audit services contract to Clifton Larson Allen LLP for a one year term with four extension options.
- C. The California Environmental Quality Act (CEQA) does not apply to the proposed action pursuant to CEQA Guidelines at 14 California Code of Regulations (CCR) section 15378(b)(5), which excludes administrative activities of governments that will not result in direct or indirect changes in the environment. The proposed action is also exempt under the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations (CFR) section 58.34(a)(3).

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

- Section 1. The above statements, including but not limited to the environmental statements, are determined to be true and correct.
- Section 2. The Agency's Executive Director or her designee is authorized to execute annual contracts with Clifton Larson Allen LLP to provide audit services for the Agency and the Housing Authority of the City of Sacramento for the calendar years ending December 31, 2018, in the amount of \$114,920 with the option to extend the contract to include calendar years 2019, 2020, 2021 and 2022 for a total amount of \$596,730.
- Section 3. The Agency's Executive Director, or her designee, is hereby authorized to amend the contract for additional audit services such as management consulting and tax-related matters or for audit services as required by Governmental Accounting Standards Board Statements or pronouncements, new HUD regulations, new Agency funding sources or programs, and unanticipated problems that require additional work for the audit firm subject to the Executive Director's contracting authority.

Section 4. The Executive Director, or her designee, is hereby authorized to execute any and all documents necessary to carry out provisions of the annual examination of the financial statements.



CONTRACT
For
 Audit Services for year ended 12/31/2018

Effective Date:	2/1/2019
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AS OF THE ABOVE-WRITTEN "EFFECTIVE DATE", AND IN CONSIDERATION OF THEIR MUTUAL OBLIGATIONS, THE AGENCY AND CONTRACTOR (DEFINED BELOW) ENTER INTO THIS "CONTRACT" AND AGREE AS FOLLOWS:

1. "Agency" is/are the following selected agency/agencies, which are public bodies, corporate and politic, and which has/have the address of 801 12th Street, Sacramento, California 95814:

SELECT	AGENCY	
	<input checked="" type="checkbox"/> Housing Authority of the City of Sacramento	<input checked="" type="checkbox"/> Housing Authority of the County of Sacramento
	<input checked="" type="checkbox"/> Sacramento Housing and Redevelopment Agency	

2. "Contractor" and Contractor's name and address for its principal place of business are the following:

Name	CliftonLarsonAllen LLP
Address	925 Highland Pointe Drive, Suite 450, Roseville, CA 95678
DUNS #:	077633311

Contractor is the following legal entity (select one):

<input type="checkbox"/> Sole Proprietor - Individual(s)	<input type="checkbox"/> Corporation	<input type="checkbox"/> Nonprofit Corporation	<input type="checkbox"/> General Partnership
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Limited Partnership	<input checked="" type="checkbox"/> Limited Liability Partnership	<input type="checkbox"/> Other: Local Government

Contractor is organized in (select one):

<input checked="" type="checkbox"/> California
<input type="checkbox"/> in the following state and is licensed to do its business in California

3. "Funding Source" is the source of funding that the Agency is using to pay the Contract payments. Contractor must comply with each and every requirement of the Funding Source. Agency will cooperate with Contractor in determining the applicable requirements of the Funding Source. The Funding Source is :

Funding Source	CFDA#	Award #	Award Year	Jurisdiction	Amount
City CDBG	14.218	B-19-MC-06-0003	2019	<input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Local	2,351
County CDBG	14.218	B-19-UC-06-0005	2019	<input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Local	7,267
City HOME	14.239	M-19-MC-06-0210	2019	<input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Local	1,336
County HOME	14.239	M-19-DC-06-0211	2019	<input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Local	913
HCV	14.871	CA007AF		<input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Local	62,668
Sec 8 Mod Rehab	14.856	CA005MR0002 & 3		<input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Local	35
City Low Rent Pub Hsg	14.850	CA00500010119D-10719D		<input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Local	10,535
County Low Rent Pub Hsg	14.850	CA00700020119D-20519D		<input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Local	9,454
City ESG	14.231	E-19-MC-06-0003	2019	<input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Local	205
County ESG	14.231	E-19-UC-06-0005	2019	<input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Local	206
City HOPWA	14.241	CAH19F002	2019	<input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Local	1,178
Misc Local Funds				<input type="checkbox"/> Federal <input type="checkbox"/> State <input checked="" type="checkbox"/> Local	23,772
				<input type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Local	
				<input type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Local	

4. "Attachments" for this Contract are the following, which are incorporated in this Contract as if included in full in the body of this document:

ATTACHMENTS If YES, CHECK APPLICABLE BOX AND ENTER THE ATTACHMENT NUMBER		DESCRIPTION OF ATTACHMENT (Attachments marked N/A or stricken are not included)
<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	1	Contract Provisions (This Contract is <i>invalid</i> and <i>unenforceable</i> without the Contract Provisions attachment)
<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	2	Scope of Work (This Contract is <i>invalid</i> and <i>unenforceable</i> without the Scope of Work attachment)
<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	3	Federal Requirements ESG and HOPWA
<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	3	CDBG and Other Federal Requirements
<input type="checkbox"/> yes <input checked="" type="checkbox"/> no		Payments
<input type="checkbox"/> yes <input checked="" type="checkbox"/> no		General Conditions for Limited Construction Work (If this Contract is for construction work, it is <i>invalid</i> without the General Conditions for Limited Construction Work attached).
<input type="checkbox"/> yes <input checked="" type="checkbox"/> no		Attachment for Architectural Services (If this Contract is for architectural services, it is <i>invalid</i> without the Attachment for Architectural Services attached).
<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	4	Personal Identifying Information Attachment
<input type="checkbox"/> yes <input checked="" type="checkbox"/> no		Conflict of Interest Form
<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	5	Fee Proposal and Schedule
<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	6	2019 Audit Fee
<input type="checkbox"/> yes <input type="checkbox"/> no		

Unless expressly stated otherwise, the Attachments shall supersede any provisions of this Contract with which they conflict.

5. "SCOPE OF WORK" for this Contract is the following [this contract is invalid unless this section is completed]: [The Scope of Work must be attached, and the attachment must be in the same form as the following table, including all categories and tasks.]

"PERFORMING PARTY"	"TASK/OBLIGATION":	"DEADLINE"
Contractor	Performance, product, and/or activities as provided in the Scope of Work	12/31/2019
Contractor	"COMPLETION DATE": The date for completion of all of Contractor's Tasks/Obligations under this Contract	12/31/2019

6. "Contract Price" is the maximum amount that the Agency is required to pay Contractor under this Contract. The Contract Price for this Contract is the following:

CONTRACT PRICE	\$119,920

7. "Payment Schedule" for this Contract is as follows:

SELECT ONE	DATE, TIME PERIOD OR PERFORMANCE TO BE COMPLETED AS CONDITION OF PAYMENT (Only one payment schedule is selected, the others not selected included):	MAXIMUM AMOUNT OF PERIODIC PAYMENT:
	Monthly payments due on the ___ day of the month	\$ _____ per month _____% of Contract Price
	Quarterly payments due by the 30 th of the month following the previous quarter.	Stated in Attachment <u> X </u>
	In the amounts and on the dates stated in Attachment ___ Payment	Stated in attachment ___
	According to the following Schedule of Tasks, periodic payment upon Contractor's completion of each respective task:	
		Amount
X	As billed by Contractor, for work actually performed and services actually provided	According to the fees and rates stated in Attachment <u> 4 </u> Payment Per the Scope of Work
	Upon completion of the work for actual work performed	Maximum Amount
	Allowed Reimbursable Expenses	\$119,920
	Not to Exceed	

Contractor shall not be reimbursed for expenses that are not specifically included in the Payment Schedule. Notwithstanding any other provision, reimbursable travel expenses shall not exceed the rates allowed by the Internal Revenue Service Standard Mileage Reimbursement and shall not include expenses for travel within a forty-five (45) mile radius of the Agency's place of business. Notwithstanding any other provision, reimbursable expenses shall not include any pro-rated overhead costs and expenses, facsimile or telecopier charges, copying costs (unless extraordinary and approved in advance by the Agency), courier charges, local and long distance telephone charges, and ordinary office and business supplies.

SHRA requires receipt of reimbursement requests within 180 days of the Effective Date of this Agreement and then, at a minimum, quarterly. If no funds are requested the agreement may be cancelled with written notice.

Contractor shall submit, at minimum, quarterly status reports on the services funded by the Agency that shall include the name, email address, and telephone number of Contractor's contact person. Annual or closeout reports are due 30 days after the end of the calendar year. Agency shall have the right to audit such reports, including the right to review all records of Contractor related to such reports.

8. "Term" The term of this contract shall be for a period of 2/1/2019 beginning on the Effective Date and ending on 12/31/2019.

9. "Special Provisions" are the following provisions or additional recitals, which are a part of the contract only if approved by Agency counsel as indicated by the accompanying initials.

SPECIAL PROVISIONS	AGENCY COUNSEL
N/A	

10. "Conflict of Interest" the following statement describes whether or not the contractor is required to file a Fair Political Practices Commission Conflict of Interest Statement.

<input checked="" type="checkbox"/> yes <input type="checkbox"/> no Contractor must file a Conflict of Interest Statement with the Agency Clerk, unless this box is checked by the Agency signatory indicating that the Contractor is excluded from filing under the Agency Conflict of Interest Code.
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In any event, no member, officer or any employee of Contractor, or its designees or agents, who exercises any fluctuations or responsibilities with respect to the program during his/her tenure or for one (1) year thereafter, shall have an interest, direct or indirect, in any contract or its proceeds, for work to be performed in connection with the program assisted under the Contract. Contractor must incorporate, or cause to be incorporated, in all subcontracts a provision prohibiting such interest pursuant to the purposes of this Section.

This Contract is executed in Sacramento, California as of the date first above written.

AGENCY:
By:

CONTRACTOR:
By:

Name:		Name:	
Title:		Title:	
		Tax ID Number:	

CERTIFICATION OF AUTHORITY

I certify under penalty of perjury under the laws of the State of California that I am fully authorized to execute the attached document for Contractor in the capacity I have stated, and that such execution is sufficient to bind the Contractor. Executed in _____, California, on _____.

Contractor's Signatory

Attachment 1 Contract Provisions

1. **CONTRACT CONTENTS, PRECEDENCE AND DEFINITIONS.** This Contract consists of this Contract document and all of the Attachments named in this Contract. Except for matters required by law or expressly stated otherwise, the provisions of the attachments supersede any provisions of the body of this Contract with which they conflict. Unless otherwise defined in this Attachment 1, capitalized terms shall have the definitions stated in this Contract.

2. **SCOPE OF WORK.** Notwithstanding the wording of the Scope of Work, unless a Task/Obligation is expressly described in the Scope of Work as one that is not mandatory, each Task/Obligation described in the Scope of Work is the mandatory obligation of the Performing Party, and it must be completed on or before its respective Deadline. As the context indicates the Task/Obligation must be performed at or delivered to the Location stated in the Scope of Work.

3. **CONTRACT TERM AND TIME OF PERFORMANCE.** The "Contract Term" shall begin on the date of this Contract and shall end at 5:00 p.m. on the Final Date or upon completion of all services, whichever shall first occur. The Final Date is the date for completion of all obligations of the parties under this Contract.

a) Certain of the Contract requirements, as expressly stated in this Contract, shall survive the completion or termination of this Contract.

b) The Contractor acknowledges that it is not entitled to compensation for any work done or costs incurred prior to the date of this Contract or subsequent to the Completion Date. This contract cannot be revived, amended or extended by agreement made after the Final Date.

4. **COMPENSATION, REIMBURSEMENT AND METHOD OF PAYMENT.** Notwithstanding any other provision of this Contract, the parties agree that the total compensation and reimbursement for all services and expenses required during the term of this Contract shall not exceed the Contract Price. Agency shall pay the Contractor in the amounts and at the times specified in the Payment Schedule. Agency is not obligated to make any payment under this Contract for work Contractor has not yet performed or goods not delivered. Agency is not obligated to make any payment under this Contract for so long as Contractor is in material default of this Contract. Except as specified in writing in this Contract, Agency is not obligated or liable under this Contract to any party other than the Contractor.

5. **INSURANCE COVERAGE REQUIREMENTS.** During the Contract Term, Contractor must maintain the following insurance coverage from insurance providers licensed to do business in California and having an industry rating that is acceptable to Agency. Failure to maintain the required insurance is a material breach of this Contract. Before beginning any work under this Contract, Contractor must provide Agency with certificates of insurance or copies of the insurance policies demonstrating the required coverage, and the required endorsements naming Agency and its constituent entities as an additional insured. Contractor must assure that such certificates and endorsements are in a form acceptable to the Agency and reflect fulfillment of all of the requirements of this Contract. Contractor must assure that the coverage afforded under the policies can only be canceled after thirty (30) days prior written notice to the Agency of the pending cancellation. Contractor must mark such notice to the attention of the Agency's Procurement Services Office at the following address:

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY
801 12th Street – Procurement Services (PS)
Sacramento, California 95814

a) The required insurance coverage is the following: (i) Two Million Dollars (\$2,000,000) or more of comprehensive general liability coverage including, without limitation, coverage for contractual liability, public liability and property damage and having a deductible of Twenty-five Thousand Dollars (\$25,000) or less; (ii) if motor vehicles are used in connection with this Contract, Five Hundred Thousand Dollars (\$500,000) or more of automobile liability coverage having a deductible of Five Thousand Dollars (\$5,000) or less; and statutory limits or more of workers compensation coverage for all employees of Contractor and all others doing Contract work. The

policies shall be endorsed to name the Agency and its constituent entities as an additional insured. The insurance afforded to such additional insured shall apply to the fullest extent permitted by law and shall be at least as broad as that afforded to the named insured.

b) Cancellation: Contractor will provide the Agency with the cancellation clause and/or any amendatory endorsements that modify or change the policy cancellation clause of the insurance policies in force. It is the Contractor's responsibility to notify the Agency of any notice of cancellation, non-renewal or non-payment of premium in accordance with your policy provisions. In the event insurance is cancelled or not renewed, the Contractor shall notify the Agency within forty eight (48) hours of such cancellation or non-renewal.

Contractor's Initials

c) Contractor is in material breach of this Contract for so long as Contractor fails to maintain all of the required insurance. Agency has the right, but not the obligation, to pay any delinquent insurance premiums and any other charges to reinstate or maintain the required insurance policies and coverage. Upon Agency's demand, Contractor must immediately reimburse Agency for any and all costs incurred by Agency in so obtaining and/or maintaining insurance. If Agency does incur such costs, Agency shall have the right to withhold such amount from any payment due to Contractor under this Contract and to reduce the compensation payable to Contractor under this Contract by such amount.

6. BILLING PROCEDURES AND CONDITIONS. Agency must make the payments due under this Contract, as provided in Part I, subject to the following provisions:

a) Agency must pay the Contract Price to Contractor for performance of Contractor's obligations under this Agreement, or so much of the Contract Price as may be due for services actually performed and materials actually supplied by Contractor under this Contract. Agency must make such payments within thirty (30) days following delivery by Contractor to Agency of invoices stating the amount then due and specifying the services performed for which payment is due. Agency is not required to make such payment more frequently than specified as the Time for Payment. Contractor will not be paid for expenses or overhead as separate items of cost unless such items are specifically listed in the Payment Schedule, and then not to exceed the amounts so provided. In any event, Agency is not required to pay Contractor a total amount for goods, services and expenses which exceed the Contract Price.

b) Contractor may make requests for payment, after the Completion Date and through the Billing Date, for services performed or materials provided to the Contract work on or before the Completion Date. The Agency shall make payments due under this Contract on or before the Expiration Date. The Agency is not obligated to make payments to Contractor for invoices submitted after the Billing Date.

c) As a condition for payment, Contractor must submit billing statements, in duplicate, not less than ten (10) business days before the date of a requested payment. Such billing statements shall specify the dates on which the work was performed; the nature of the work performed; the percentage of the total work performed; the name of the individual performing each element of the work; the respective hourly billing rates; a list of all expenses for which reimbursement is sought; and the requested payment date.

d) Within ten (10) days following a written request received from Agency, Contractor must provide a bill to Agency for all work done as of the request date. Agency is entitled to make similar requests at intervals of not less than thirty (30) days following the initial request.

e) Contractor must submit the final bill for all work under this contract within 30 days of Completion Date.

7. INDEMNIFICATION. Except to extent of active negligence, willful misconduct or gross negligence on the part of Agency, Contractor shall indemnify, hold harmless and defend, to the fullest extent permitted by law, the Housing Authority of the City of Sacramento, the Housing Authority of the County of Sacramento, the Sacramento Housing and Redevelopment Agency, the City of Sacramento and the County of Sacramento, their respective officers,

directors, commissioners, advisory committee members, agents, and employees from liability, claims, demands, attorney's fees or litigation and related costs, including, without limitation, court costs and investigator, witness, arbitrator and mediator fees, for any injury or damages to persons or property resulting from Contractor's prosecution of work under the Contract, or otherwise related to this Contract, whether caused, in whole or part, by an intentional act, negligent act or omission by Contractor, its officers, employees, or agents.

8. **NO WAIVER OF RIGHTS AND REMEDIES.** Agency's failure, at any time, to object to any breach of covenant or obligation, to any failure of performance, or to any other default on the part of the Contractor shall not constitute a continuing waiver of subsequent breaches or defaults. Agency's making of any payment to the Contractor shall not, under any circumstances, be considered a waiver by Agency. Agency's making of any payment while any breach or default by Contractor exists shall in no way impair any right or remedy available to Agency related to such breach or default, including, without limitation, the right to withhold future payments.

9. **HIRING OF OTHERS.** Unless consultants, specialists, experts or other third parties are listed in the Scope of Work, Contractor must not employ any of them or incur any obligation to pay any of them for services performed under this Contract without the prior written approval of Agency. Agency's written approval shall not create any obligation of the Agency with regard to any such third party. Contractor has no authority to, and must not purport to, employ, hire or contract with any such third party as agent of the Agency or otherwise on behalf of Agency.

10. **TERMINATION OF CONTRACT FOR CAUSE.** If either party fails to fulfill its obligations under this Contract in a timely and proper manner or violates any of the covenants, agreements, or stipulations of this Contract, and if such failure or violation is material and substantial, the other party shall have the right to terminate this Contract by written notice to the defaulting party.

a) If Contractor defaults and Agency terminates the Contract, all finished or unfinished work, products, documents, electronic media, data, studies, artwork, renderings, models, software programs, and reports prepared by Contractor under this Contract shall, at the option of Agency, become property of the Agency, upon payment to Contractor of just and equitable compensation for such work which is completed and which is reasonably satisfactory to Agency. Agency's exercise of its option to own such properties does not relieve Contractor of liability to Agency for damages on account of Contractor's default, and Agency may withhold any payments to Contractor for the purpose of setoff until such time as the exact amount of damages due Agency from Contractor is determined.

b) If Agency defaults and Contractor terminates the Contract, upon Contractor's submission of the billings and receipts required by this Contract, Agency must pay to Contractor an amount which bears the same ratio to the total compensation under this Contract as the services actually performed by Contractor bear to the total services of Contractor covered by this Contract, less payments of compensation previously made (for example, if the work is eighty percent complete, Agency must pay eighty percent of the compensation less any amounts previously paid for the work). In addition, Agency must reimburse Contractor for all unreimbursed expenses that are reimbursable under this Contract upon Contractor's submission of the billings and receipts required by this Contract for reimbursement. If less than fifty percent (50%) of the services covered by this Contract have been performed as of the termination date, Agency must also pay Contractor for that portion of the actual out-of-pocket expenses incurred by Contractor during the Contract period which are directly attributable to the uncompleted portion of the services covered by this Contract.

11. **TERMINATION FOR CONVENIENCE OF AGENCY.** Agency may terminate this Contract, at any time and without cause, by a notice in writing from Agency to Contractor.

12. **CHANGES.** Agency may, from time to time, request changes in the Scope of Work to be performed by Contractor. Such changes, including any increase or decrease in Contractor's compensation, must be by written amendment to this Contract executed in advance by Agency and Contractor.

13. **PERSONNEL, FACILITIES AND EQUIPMENT.** Contractor represents that it has, or will, secure at its own expense all personnel, facilities and equipment required in performing the services under this Contract. Such personnel must not be Agency employees or have any contractual relationship with Agency, except with Agency's prior written approval.

a) All the services required under this Contract will be performed by Contractor or under its supervision and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under state and local law to perform such services.

b) No person who is serving a sentence in a penal or correctional institution shall be employed on work under this Contract.

14. **SUBCONTRACTING.** Contractor must not enter into any subcontract for performance of the services covered by this Contract without the prior written consent of Agency. In any event, Contractor shall be as fully responsible to Agency for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by them, as it is for the acts and omissions of persons directly employed by it. In any event, Contractor must insert in each subcontract appropriate provisions requiring compliance with the labor standards provisions, insurance and other relevant provisions of this contract.

15. **INTERESTS OF OFFICIALS.** No member of the governing body of Agency, and no officer, employee or agent of Agency who exercises any functions or responsibilities in connection with carrying out the project to which this Contract pertains, shall have any personal interest, direct or indirect, in this Contract. No member of the governing body of the locality in which the project is situated, and no other public official of such locality, who exercises any functions or responsibilities in the review or approval of the carrying out of the project to which this Contract pertains, shall have any personal interest, direct or indirect, in this Contract. If federal funds are expended by the Agency for this Contract, no member of or delegate to the Congress of the United States, and no Resident Commissioner, shall be admitted to any share or part of this Contract or to any benefit arising from this Contract. Contractor covenants that it presently has no interest and shall not acquire any interest, direct or indirect, in any portion of the project to which this Contract pertains, or any other interest which would conflict in any manner or degree with the performance of its services under this Contract. Contractor further covenants that in the performance of this Contract no person having any such interest shall be employed by Contractor.

16. **CONFLICTS OF INTEREST STATEMENT.** Contractor shall, upon Agency request, complete and submit a conflict of interest statement to the Agency in form approved by the Agency.

17. **OWNERSHIP OF PROFESSIONAL AND TECHNICAL INFORMATION.** All professional and technical information, in the form of original designs, drawings, data, computations, specifications, report texts, estimates, writings, artwork, renderings, models, software programs, and any other material, data and information collected or developed in connection with the work under this Contract, and all original documents shall be forwarded to and become the sole property of Agency. Neither Contractor nor any of its associates or consultants shall have any rights or interest in such information, documents and material. Contractor and its associates and consultants may retain such copies or reproductions, at their expense, of the original documents as necessary for their files, records and reference.

18. **NO INTELLECTUAL PROPERTY RIGHTS OR ARTIST'S RIGHTS IN CONTRACT WORK.** In any event, without the prior written approval of the Agency, Contractor and any person or entity acting on behalf of Contractor shall neither obtain nor have, and expressly waives, any rights, in law or in equity, in any intellectual property developed in furtherance of this Agreement, including, without limitation, copyright, trademark, service mark, patent or rights of an artist in a work of art. Artists preparing any artwork under this Agreement waive any rights to notice or to take any action regarding the use, removal, relocation or destruction of any artwork so prepared. Contractor represents and acknowledges that Contractor has or shall obtain such waivers in writing for all persons or entities performing work under this Agreement

19. **COMPLIANCE WITH LAWS.** Contractor must comply with all applicable laws, ordinances and codes of the federal, state and local governments, and must commit no trespass on any public or private property in performing any of the work set forth in this Agreement.

20. **CHILD SUPPORT COMPLIANCE ACT.** If this Agreement is in amount that exceeds \$100,000, the following is acknowledged and agreed to by the Contractor: (1) Contractor recognizes the importance of child and family support

and shall fully comply with all applicable state and federal laws relating to child and family support enforcement orders, including but not limited to, disclosure of information and compliance with earnings assignment orders as provided in Chapter 8(commencing with Section 5200) of Part 5 of Division 9 of the Family Code; and (2) Contractor, to the best of its knowledge, agrees to fully comply with the earnings assignment orders of all employees and to provide the names of all new employees to the New Hire Registry, maintained by the California Employment Development Department.

21. **ASSIGNABILITY.** Contractor is prohibited from assigning, and waives all rights to assign or transfer, any interest in this Contract without the prior written approval of Agency. Any purported assignment of any of Contractor's rights and obligations under this Contract without the prior written consent of the Agency is a breach of this Contract.

22. **AGENCY COOPERATION.** Agency will reasonably cooperate with Contractor regarding this Contract. As and when requested by Contractor, Agency will furnish to Contractor any and all pertinent information which Agency may possess during the time of performance of Contractor's duties under this Contract.

23. **CONFIDENTIALITY.** All information prepared or assembled by the Contractor under this Contract is confidential. Contractor must not make this information available to any individual or organization without the prior written approval of Agency. Contractor must immediately forward to Agency all requests for information related to this Contract made by a third party to Contractor. Contractor must not disclose or permit the disclosure of any confidential information of the Agency, except to its agents, employees and other consultants, approved by Agency, who need such confidential information for the proper performance of their duties related to this Contract or on behalf of the Agency.

24. **CONTRACTOR'S STATUS.** Contractor, for all purposes under this Agreement, is an independent Contractor and must maintain any and all licenses required by law for the performance of Contractor's obligations under this Contract. Except as expressly stated in this Contract, Agency is prohibited from directing the methods of Contractor's work under this Contract, requiring Contractor's use of an Agency office for Contractor's performance or setting regular working hours for Contractor or Contractor's employees.

25. **CONTRACT CONSTRUCTION AND ENFORCEABILITY.** The existence, validity, construction and operation of this Contract, and all its representations, terms and conditions shall conform to the laws of the State of California, exclusive of its conflict of law rules. Throughout this contract, the use of singular and plural forms, or the various gender forms, shall each include the other as the context may indicate. If any provision of this Contract is held, in whole or in part, to be unenforceable for any reason, the remainder of that provision and the entire Contract will be severable and remain in effect.

26. **NOTICES.** Any notices, bills, invoices, or reports required by this Contract shall be sufficient if sent by the parties through the United States Postal Service, postage paid, to the address of the other party as indicated in this Contract.

27. **ENTIRE CONTRACT.** This Contract contains the entire agreement of the parties. No other agreement, statement or promise made on or before the date of this Contract will be binding on the parties. No changes to this Contract are valid unless they are made by written amendment duly executed by the parties.

28. **VENUE.** Unless otherwise agreed in writing by the parties, the venue for all actions related to this Contract is Sacramento County, California.

Scope of Services

Audits shall be performed in accordance with:

- Auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.
- Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).
- Pertinent federal audit guidance as subsequently revised or issued. Certain audits must also comply with the requirements of certain state and federal agencies.

Auditor requirements:

- Audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Sacramento Housing and Redevelopment Agency, which collectively comprise the Agency's basic financial statements.
- Apply auditing procedures to the introductory section, combining and individual fund statements and schedules, schedules of capital fund program annual contribution contracts and statistical section and express an opinion on whether they are fairly stated in all material respects in relation to the basic financial statements taken as a whole.
- Issue the Independent Auditor's Report on the fair presentation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America following the completion of the audit of the financial statements
- Perform a single audit in conjunction with the audit of the Agency's basic financial statements and issue a report of the Agency's federal financial assistance programs in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).
- Comply with HUD's Asset Management and financial reporting requirements.
- Submit to the Agency a report advising of opportunities for improvements in internal controls as well as any material weaknesses identified in the Agency's internal control structure (Management Letter).
- Provide one electronic copy and five bound copies each of the Single Audit report and the Management letter (if applicable).
- Prepare the required Data Collection Form and submit the information to the Federal Audit Clearinghouse.

- Provide attestation services in accordance with the Guidelines for Public Housing Authorities and Independent Auditors, issued by the U.S. Department of Housing and Urban Development (HUD) for the audited submissions:
 - Attestation on the Financial Data Schedule (FDS) as to its fair presentation in relation to the audited basic financial statements in accordance with the audit provisions of the American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standards (SAS) No. 29, Reporting on Information Accompanying the Basic Financial Statements in Auditor-Submitted Documents.
 - Agreed-upon procedures under AICPA Statement for Attestation Engagements (SSAE) No. 4, Agreed-Upon Procedures Engagements comparing the electronically submitted data in the HUD Real Estate Assessment Center (REAC) staging database to certain information in the audited financial statements and the hard copy FDS. Perform required review and release of FDS through HUD online system (REAC).
- Provide to the Agency all audit adjustments including appropriate back-up documentation and meet with staff, if requested, to discuss final adjustments.
- Perform compliance audits and prepare financial statements for one California Housing Finance Agency (CalHFA) funded housing project.
- Provide one electronic copy and three bound copies of financial statements for the CalHFA funded housing project.
- Prepare tax returns for the non-profit Corporations: Foundation Uniting Needs and Dollars (FUND, Inc.), Sacramento Housing Development Corporation (SHDC), Riverview Plaza Associates (RVP) and the Sacramento Housing Asset Repositioning Program (SHARP) including associated limited partnerships.
- Provide Technical assistance on preparation of Agency basic financial statements, upon request.
- Provide Technical training on new accounting standards impacting Agency financial reporting prior to implementation of standards.
- Coordinate and collaborate with management of external audit firms on preparation of financial statements of Agency component units which roll into CAFR as needed.
- Prepare Audit footnotes for CAFR and standalone audits as needed.

Time Frames and Report Requirements

Audit Schedule

The Agency's fiscal year is from January 1 to December 31. Based on the Agency's fiscal year, the audit firm is expected to begin fieldwork no later than the second week in March, unless a later date is agreed upon by both parties. Agency staff will meet with the audit firm prior to this date to discuss staffing, supervision, contract/engagement letter, billings, audit timelines and other issues necessary to the audit.

Agency will provide the following information to the audit firm on these approximate dates:

- March 15 - California Housing Finance Agency (CalHFA) funded housing project work papers and draft financial statements
- March 15 - Confirmation letters
- March 15 - Draft Schedule of Expenditures of Federal Awards
- March 15 - Working trial balances/work paper packages for all funds
- April 1 - Draft financial statements including Government-wide statements
- May 1 - MD&A and notes to financial statements

The auditors must be able to meet the following essential dates for the fiscal year audit. Final Audit must be completed and reports rendered by June 1st with the exception of the submission to HUD that is due by September 1st.

April 15 - Issue complete tax returns for FUND, Inc., Riverview Plaza, SHARP and SHDC

May 1 - Drafts of CalHFA financial Statements

June 1 - Issue final reports:

- Independent Auditors Report on CAFR
- CalHFA financial statements
- Report on the fair presentation of the basic financial statements in conformity with Generally Accepted Accounting Principles.
- Bound copies Single Audit Report, and Management Letter
- Completed Data Collection form

August 15th - Review and approve the financial submission to the REAC as required by HUD.

Agency will work with the audit firm to adjust these schedules as necessary due to factors outside the control of Agency or the audit firm.